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April 6, 2004

Ms. Ellen Russell  
Senior Electricity Analyst  
Office of Coal & Power Im/Ex, FE-27  
Office of Coal & Power Systems  
Office of Fossil Energy  
1000 Independence Avenue, SW  
Washington, DC 20585-0350



**RE: *Dominion Energy Marketing, Inc.***  
**Application for Authorization to Transmit Electric Energy to**  
**Canada**  
**Docket No. EA- 291**

Dear Ms. Russell:

Enclosed for filing on behalf of Dominion Energy Marketing, Inc. are: 1) an original and fifteen copies of the Application of Dominion Energy Marketing, Inc. for Authorization to Transmit Electric Energy to Canada; and 2) a check in the amount of \$500.00 payable to the Treasurer of the United States as required under 10 C.F.R. § 205.309 (2003).

Please date-stamp the six extra copies and return them to the messenger.

If you have any questions about the Application, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "D. Connelly", written over a horizontal line.

David Martin Connelly

Enclosures

**UNITED STATES OF AMERICA  
THE DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY**

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**DOMINION ENERGY MARKETING, INC.**

**DOCKET NO. EA-\_\_\_\_\_**

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**APPLICATION OF DOMINION ENERGY MARKETING, INC.  
FOR AUTHORIZATION TO  
TRANSMIT ELECTRIC ENERGY TO CANADA**

Dominion Energy Marketing, Inc. ("DEMI" or "Applicant"), pursuant to Section 202(e) of the Federal Power Act ("FPA")<sup>1</sup> and the Department of Energy's ("DOE") regulations at 10 C.F.R. §§ 205.300, *et seq.* (2003), hereby files its Application for blanket authority to transmit electric energy from the United States to Canada.

**I. DESCRIPTION OF APPLICANT**

The exact legal name of Applicant is Dominion Energy Marketing, Inc. DEMI is a Delaware corporation<sup>2</sup> participating in the wholesale market for purchases and sales of electric energy, as well as participating in the market for related financial derivatives. DEMI is an indirect wholly owned subsidiary of Dominion Resources, Inc., and does not have any partners. DEMI's principal place of business is in Richmond, Virginia. To date, DEMI has qualified to do business in Virginia,<sup>3</sup> Connecticut, Maryland, Massachusetts, Ohio, and Pennsylvania. Two of DEMI's affiliates, Virginia Electric and

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<sup>1</sup> See 16 U.S.C. § 824a(e) (2000).

<sup>2</sup> A Certificate of Good Standing in the State of Delaware is attached to this Application as Attachment 1.

<sup>3</sup> A Certificate of Good Standing in the Commonwealth of Virginia is attached to this Application as Attachment 2.

Power Company and Dominion Energy, Inc., have previously been granted authorization to export electricity on August 9, 2000 in Docket No. EA-224.

DEMI does not own or control any electric power generation or transmission facilities and does not have a franchised electric power service area. DEMI operates as a marketer<sup>4</sup> and brokers electric power at wholesale and arranges services in related areas such as fuel supplies and transmission services. DEMI will purchase the power to be exported from electric utilities and federal power marketing agencies as defined in Sections 3(22) and 3(19) of the FPA.<sup>5</sup> DEMI will have title to any electricity exported to Canada under this license. The instant Application relates to DEMI as a marketer of electric power only.

## II. JURISDICTION

DOE has jurisdiction over the actions requested to be authorized in this Application pursuant to Section 202(e) of the FPA, which makes authorization by DOE a necessary condition for exporting.<sup>6</sup> No other known federal, state or local government has jurisdiction over the actions to be taken under the authority sought in this

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<sup>4</sup> As used herein, the terms "marketer" and "power marketer" mean an entity that buys and sells electric power for its own account. The Federal Energy Regulatory Commission ("FERC" or "Commission") has granted DEMI authorization to make sales of electric power at wholesale in interstate commerce at market-based rates under DEMI's FERC Electric Tariff, Original Volume No. 1 ("MBR Tariff"). See *Dominion Energy Marketing, Inc.*, Letter Order issued on December 15, 2000 in Docket No. ER01-468-000 ("December 15<sup>th</sup> Order"). A copy of the December 15<sup>th</sup> Order is attached to this Application as Attachment 1. DEMI currently has effective service agreements under its MBR Tariff. See, e.g., *AEP Operating Companies, et al.*, Unpublished Basket Order issued on July 26, 2002 in Docket No. ER02-2129-000 (accepting, *inter alia*, a service agreement under the MBR Tariff between DEMI and Semptra Energy Trading Corporation in Docket No. ER02-2133-000).

<sup>5</sup> See 16 U.S.C. §§ 796(22) and 796(19) (2000).

<sup>6</sup> See 16 U.S.C. § 824a(e) (2000).



Application, except to the extent that DEMI must comply with applicable FERC requirements in making sales at wholesale. FERC's address is:

Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

### **III. COMMUNICATIONS**

All service and correspondence concerning this Application should be sent to:

Michael C. Regulinski, Esquire  
Dominion Resources Services, Inc.  
120 Tredegar Street  
Richmond, VA 23219  
Telephone: 804-819-2794  
Fax: 804-819-2183  
E-mail: Michael\_Regulinski@dom.com

and

David Martin Connelly, Esquire  
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Washington, DC 20006-5805  
Telephone: 202-296-1500  
Fax: 202-296-0627  
E-mail: dmconnelly@brudergentile.com

### **IV. TECHNICAL DISCUSSION OF PROPOSAL**

DEMI seeks authority to transmit electric power to Canada as a power marketer. As noted above, DEMI has no "system" of its own on which its exports of power could have a reliability or stability impact. DEMI will purchase the power to be exported from electric utilities and federal power marketing agencies as those terms are defined in

Sections 3(22) and 3(10) of the FPA.<sup>7</sup> By definition, such power is surplus to the system of the generator therefore and thus will not impair the sufficiency of the electric power supply within the United States.<sup>8</sup>

DEMI will make all necessary commercial arrangements and will obtain any and all other regulatory approvals required in order to effect any power exports. This would include: (1) scheduling each transaction with the appropriate control area in compliance with all reliability criteria, standards, and guidelines of the Northern American Electric Reliability Council and member regional councils (collectively, "NERC") in effect at the time of export; and (2) obtaining all necessary transmission access over the existing facilities listed in Exhibit C.<sup>9</sup>

As DOE noted in *Enron*, DOE may utilize the reliability analyses performed in the most recent export authorization proceedings of the above-named transmission systems in order to make the findings required for a grant of export authority to DEMI. DEMI respectfully requests that DOE do so and agrees to abide by the export limits contained in the relevant export authorization of any transmission system over which DEMI exports electric power to Canada. The controls which are inherent in any transaction which complies with all NERC requirements and the export limits imposed by DOE on the above-named transmission systems are sufficient to ensure that exports

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<sup>7</sup> See 16 U.S.C. §§ 796(22) and 796(10) (2000).

<sup>8</sup> See Order No. EA-102, issued February 6, 1996, to Enron Power Marketing, Inc. ("*Enron*").

<sup>9</sup> The location, voltage, owner and the Presidential Permits under which the relevant border transmission facilities were constructed and are maintained are set forth in Exhibit C to this Application.

by DEMI would not impede or tend to impede the coordinated use of transmission facilities within the meaning of Section 202(e) of the FPA.<sup>10</sup>

## V. PROCEDURES

DEMI proposes to comply with procedures similar to those imposed by *Enron*. From time to time, DEMI will enter into agreements with third parties which involve the export of electric power from the United States to Canada. Prior to commencing (or continuing) the export of electric power under such agreements, DEMI will provide DOE with written evidence that sufficient transmission access to complete the export transaction has been obtained. DEMI will make and preserve complete records with respect to the electric power exported to Canada and will provide DOE with quarterly reports within 30 days following each calendar quarter. These quarterly reports will show the gross amount of kilowatt-hours of electric energy delivered and the consideration received therefor during each month of the previous quarter and the maximum hourly rate of transmission.

## VI. EXHIBITS AND ATTACHMENTS

Pursuant to DOE regulations,<sup>11</sup> the following Exhibits and Attachments are attached hereto:

Exhibit A. A copy of the agreement or proposed agreement under which the electricity is to be transmitted including a listing of the terms and conditions. If this agreement contains proprietary information that should not be released to the general

<sup>10</sup> See 16 U.S.C. § 824a(e) (2000).

<sup>11</sup> See 10 C.F.R. §§ 205.302(h) and 205.303 (2003).



public, the applicant must identify such data and include a statement explaining why proprietary treatment is appropriate: Not Applicable. Currently there is no agreement with any Canadian utilities to export electricity. DEMI is seeking a blanket approval for contracts to be negotiated in the future.

Exhibit B. A showing, including a signed opinion of counsel, that the proposed export of electricity is within the corporate power of the applicant, and that the applicant has complied or will comply with all pertinent Federal and State laws: Attached to this Application are the required letters from counsel.

Exhibit C. A general map showing the applicant's overall electric system and a detailed map highlighting the location of the facilities or the proposed facilities to be used for the generation and transmission of the electric energy to be exported. The detailed map shall identify the location of the proposed border crossing point(s) or power transfer point(s) by Presidential Permit number whenever possible: As mentioned, DEMI has no "system" of its own to export electricity. Therefore, no maps are available to include in this Exhibit. Exhibit C does contain a complete list of all proposed border facilities that are and may be used to export electric energy to Canada.

Exhibit D. If an applicant resides or has its principal office outside the United States, such applicant shall designate, by irrevocable power of attorney, an agent residing within the United States. A verified copy of such power of attorney shall be furnished with the Application: Not Applicable.

Exhibit E. A statement of any corporate relationship or existing contract between the Applicant and any other person, corporation, or foreign government, which in any

way relates to the control or fixing of rates for the purchase, sale or transmission of electric energy: Not Applicable.

Exhibit F. An explanation of the methodology (Operating Procedures) to inform neighboring electric utilities in the United States of the available capacity and energy which may be in excess of the applicant's requirements before delivery of such capacity to the foreign purchaser. Approved firm export, diversity exchange and emergency exports are exempted from this requirement. Those materials required by this section which have been filed previously with the ERA may be incorporated by reference: As mentioned in Section IV above, neighboring utilities may be informed of any excess capacity and energy by participating in the competitive wholesale markets in the relevant areas.

Attachment 1: DEMI's Certificate of Good Standing in the State of Delaware is attached to this Application as Attachment 1.

Attachment 2: DEMI's Certificate of Good Standing in the Commonwealth of Virginia is attached to this Application as Attachment 2.

Attachment 3: A copy of FERC's December 15<sup>th</sup> Order granting DEMI authorization to make sales of electric power at wholesale in interstate commerce at market-based rates is attached to this Application as Attachment 3.

Attachment 4: This Application has been verified under oath by an officer of the applicant, with knowledge of the matters set forth herein. The verification is attached to this Application as Attachment 4.

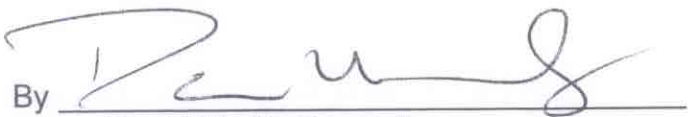


## VII. CONCLUSION

DEMI respectfully requests that this Application for blanket authority to transmit electric energy to Canada be expeditiously considered and approved on substantially similar terms as were imposed in *Enron*.

Respectfully submitted,

BRUDER, GENTILE & MARCOUX, L.L.P.

By 

David Martin Connolly

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Attorneys for Dominion Energy  
Marketing, Inc.

April 6, 2004

**EXHIBIT A**

**NOT APPLICABLE**

**EXHIBIT B**

**OPINION OF COUNSEL**



## Exhibit C

### TRANSMISSION LINES TO BE USED TO EXPORT ENERGY

<u>Presidential Permit Holder</u>	<u>Permit Number</u>	<u>Voltage</u>	<u>Location</u>
Basin Electric Power Cooperative	PP-64	230 kV	Tioga, ND
Vermont Electric Power Company	PP-66	120 kV	Derby Line, VT
Eastern Maine Electric Cooperative	PP-32	69 kV	Calais, ME
International Transmission Company	PP-230	345 kV 230 kV 230 kV 230 kV	St. Clair, MI Marysville, MI Detroit, MI St. Clair, MI
Joint Owners of Highgate Project	PP-82	120 kV	Highgate, VT
Long Sault, Inc.	PP-24	2-115 kV	Massena, NY
Maine Electric Power Company	PP-43	345 kV	Houlton, ME
Maine Public Service Company	PP-12	69 kV 69 kV	Limestone, ME Ft. Fairfield, ME
	PP-29	138 kV 2-69 kV	Aroostock County, ME Madawaska, ME
Minnesota Power & Light	PP-78	115 kV	International Falls, MN
Minnkota Power Cooperative, Inc.	PP-61	230 kV	Roseau County, MN
New York Power Authority	PP-30 PP-74 PP-56 PP-25	230 kV 2-345 kV 765 kV 2-230 kV	Devil's Hole, NY Niagara Falls, NY Massena, NY Massena, NY
Niagara Mohawk Power Corporation	PP-190	230 kV	Devil's Hole, NY
Northern States Power Company	PP-45 PP-63 PP-231	230 kV 500 kV 230 kV	Red River, ND Roseau County, MN Rugby, ND
Vermont Electric Trans. Company	PP-76	450 kV DC	Norton, VT